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SUMMARY RECORD OF THE 21st MEETING

Chairman: Mr. KHAN (Pakistan)

later: Mr. RAICHEV (Bulgaria)
(Vice-Chairman)

CONTENTS

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

AGENDA ITEM 87: MACROECONOMIC POLICY QUESTIONS (continued)

(d) NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

AGENDA ITEM 89: ENVIRONMENT AND SUSTAINABLE DEVELOPMENT (continued)

(b) PROTECTION OF GLOBAL CLIMATE FOR PRESENT AND FUTURE GENERATIONS OF MANKIND (continued)

AGENDA ITEM 88: SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued)

(a) TRADE AND DEVELOPMENT

(b) FOOD AND AGRICULTURAL DEVELOPMENT

(c) COMMODITIES

(d) CULTURAL DEVELOPMENT

(e) INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY

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CONTENTS (continued)

(f) INDUSTRIAL DEVELOPMENT COOPERATION

(g) UNITED NATIONS CONFERENCE ON HUMAN SETTLEMENTS (HABITAT II)

(h) INTERNATIONAL COOPERATION FOR THE ERADICATION OF POVERTY IN DEVELOPING COUNTRIES

(i) UNITED NATIONS INITIATIVE ON OPPORTUNITY AND PARTICIPATION

The meeting was called to order at 10.15 a.m.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued) (A/C.2/49/L.11)

Draft resolution A/C.2/49/L.11: Question of declaring 1998 International Year of the Ocean

1. Mr. CATARINO (Portugal), stressing the importance which his country attached to the question, recalled that in December 1993, the General Conference of UNESCO, as a result of an initiative taken by Portugal, had adopted a resolution to proclaim 1998 International Year of the Ocean. Subsequently, the Economic and Social Council had adopted by consensus a resolution on that matter, requesting the General Assembly to consider proclaiming 1998 International Year of the Ocean at its forty-ninth session.

2. The oceans and seas had had and continued to have great significance in the history of civilization. More effective management of marine resources and more systematic observation of maritime and coastal phenomena could contribute to sustainable development.

3. As a part of the Year, Portugal would, in 1998, host an international exhibition, the theme of which would be "The Oceans, a Heritage for the Future".

4. He hoped that draft resolution A/C.2/49/L.11 would be adopted by consensus. He announced that Singapore had decided to co-sponsor the draft resolution, and pointed out that in the English text, the name of Maldives had appeared on the list of sponsors by mistake.

AGENDA ITEM 87: MACROECONOMIC POLICY QUESTIONS (continued) (A/C.2/49/L.7)

(d) NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Draft resolution A/C.2/49/L.7

5. Mr. AHMIA (Algeria) introduced draft resolution A/C.2/49/L.7 on behalf of the Group of 77 and China. He expressed the hope that the draft resolution would be adopted by consensus.

AGENDA ITEM 89: ENVIRONMENT AND SUSTAINABLE DEVELOPMENT (continued) (A/C.2/49/L.8)

(b) PROTECTION OF GLOBAL CLIMATE FOR PRESENT AND FUTURE GENERATIONS OF MANKIND (continued) (A/C.2/49/L.9)

Draft resolution A/C.2/49/L.8

6. Mr. AHMIA (Algeria) introduced draft resolution A/C.2/49/L.8 on behalf of the Group of 77 and China. He expressed the hope that the draft resolution would be adopted by consensus.

Draft resolution A/C.2/49/L.9

7. Mr. AHMIA (Algeria) introduced draft resolution A/C.2/49/L.9 on behalf of the Group of 77 and China. He expressed the hope that the text would be adopted by consensus.

AGENDA ITEM 88: SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued) (A/49/204-E/1994/90, A/49/205-E/1994/91, A/49/229, A/49/256, A/49/307, A/49/378, A/49/381, A/49/395, A/49/412-S/1994/1078, A/49/422-S/1994/1086, A/49/424 and Add.1, A/49/479, A/49/493-S/1994/1142, A/49/506, A/49/541)

(a) TRADE AND DEVELOPMENT (A/49/15 (vols. I and II), A/49/227 and Add.1 and 2, A/49/228-S/1994/827, A/49/277, A/49/363)

(b) FOOD AND AGRICULTURAL DEVELOPMENT (A/49/438, A/49/507)

(c) COMMODITIES (A/49/226, A/49/228-S/1994/827, A/49/287-S/1994/894 and Corr.1)

(d) CULTURAL DEVELOPMENT (A/49/159-E/1994/62 and Add.1 and 2)

(e) INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY (A/49/330)

(f) INDUSTRIAL DEVELOPMENT COOPERATION (A/49/347, A/49/372)

(g) UNITED NATIONS CONFERENCE ON HUMAN SETTLEMENTS (HABITAT II) (A/49/37, Supplement No. 37, A/49/272, A/49/640)

(h) INTERNATIONAL COOPERATION FOR THE ERADICATION OF POVERTY IN DEVELOPING COUNTRIES (A/49/572)

(i) UNITED NATIONS INITIATIVE ON OPPORTUNITY AND PARTICIPATION (A/49/287-S/1994/894 and Corr.1, A/49/541)

8. Mr. NEIL (Trade and Development Board) presented the report of the Trade and Development Board (A/49/15). The Board had conducted an evaluation of the intergovernmental machinery of UNCTAD, which had indicated that the reforms adopted at the eighth session of UNCTAD had resulted in a distinct improvement in the way in which UNCTAD conducted its business. That was largely due to the close collaboration between the UNCTAD secretariat and delegations.

9. The principal agenda item of the forty-first session of the Board had been "International implications of macroeconomic policies and issues concerning interdependence: elements of successful growth and adjustment strategies". The Board had pointed out that East Asian development did not provide a simplistic recipe for all countries or regions, and had recognized that developed market economies should cooperate in order to achieve non-inflationary growth. Despite some satisfactory results, it was clear that developing countries, especially

those in Africa, still faced unresolved problems caused by such factors as debt, disasters and inadequate endowments of human and natural resources.

10. Where sustainable development was concerned, the Board had recognized the importance of the internalization of external environmental costs. While environmental standards and regulations were tending to become more stringent and more comprehensive, they should not be used as disguised protectionist measures. There was a need to analyse newly emerging environmental issues and to place the debate on process standards in the wider context of sustainable development. UNCTAD had a particularly important role to play in that regard.

11. In its analysis and assessment of the outcome of the Uruguay Round, the Board had focused attention on the problems of developing countries and economies in transition. In seeking to define the new role of UNCTAD in the post-Uruguay-Round international trading system as well as its relationship with the World Trade Organization (WTO), the Board had come to the following agreed conclusions: (1) UNCTAD must continue the background work and consensus-building on trade and economic policy issues before they became the subject of negotiations in WTO; (2) developing countries must be able to participate actively in the work of WTO; it was equally important to establish a fruitful division of labour between UNCTAD, WTO and the International Trade Centre (ITC); (3) developing countries, especially the least developed ones, should be assisted to take advantage of the new opportunities and to meet the new challenges. The Board took note of the specific problems of the least developed countries and suggested that they could benefit from a "safety net" which would assist them in dealing with the transitional cost of the adjustment.

12. The Board had also considered the issues involved in increased participation of developing countries and economies in transition in international trade in goods and services. UNCTAD should continue to facilitate the integration of those countries into the world economy by promoting intergovernmental consultations and identifying new opportunities for trade, investment and technological cooperation between developing countries and economies in transition.

13. Where progress in the implementation of the Programme of Action for Least Developed Countries (LDCs) for the 1990s was concerned, the Board had reached agreed conclusions on human capacity-building in least developed countries, adjustment and policy reforms, official development assistance and debt and external trade. In its decision concerning the High-level Intergovernmental Meeting on the Mid-term Global Review of the Programme of Action for the Least Developed Countries for the 1990s, the Board had recommended that the High-level Meeting should be held from 26 September to 6 October 1995 and that it should be preceded by a preparatory meeting of governmental experts as well as by regional, sectoral and inter-agency meetings. With respect to investment promotion, foreign direct investment and transfer of technology to Africa, the international community should assist African countries to disseminate information on investment opportunities in Africa.

14. The Board had also requested the UNCTAD secretariat to propose ways and means of creating a sound business environment in Africa and to disseminate information on trade and investment opportunities.

15. The Board's deliberations on UNCTAD assistance to the Palestinian people had highlighted the satisfactory developments in the situation.

16. Finally, the Trade and Development Board had organized during the year, a series of events to celebrate the thirtieth anniversary of UNCTAD, and it had adopted a declaration on that occasion.

17. Mr. FORTIN (United Nations Conference on Trade and Development) said that although the performance of developing countries had been uneven, it had been relatively strong, and that economic activity in the industrialized countries might improve in 1994. Taking into account the progress in the economies in transition, the world economy should grow by 2.5 per cent in 1994. However, unemployment rates in developed countries, with the exception of the United States of America, remained extremely high.

18. In its report, the Trade and Development Board felt that adjustments in monetary policy would not be sufficient to tackle the cause of the slow-down in growth, namely, persistently insufficient demand. That did not imply that supply responses or inflation should be neglected. Macroeconomic policies should be balanced, pragmatic and non-ideological, and unemployment levels needed to be taken into account in the design of monetary and fiscal policies.

19. In the immediate future, investment policy in Japan should aim at increasing the share of consumption in national income. Western Europe too needed to increase domestic demand by bringing down interest rates substantially while avoiding premature fiscal contraction. For its part, the United States of America needed to apply a cautious monetary policy so as not to stifle the recovery of investment and employment. African economic recovery and development would require a major inflow of resources and an easing of the external debt burden.

20. The changed approach to economic policy in the 1980s had affected development strategies; the Trade and Development Board felt, however, that the pendulum had swung too far. The experience of some countries that had achieved extremely encouraging results demonstrated that government intervention could be extremely effective. In those countries (Japan, the Republic of Korea and the Chinese province of Taiwan), the Governments had sought to promote the growth of an efficient and competitive private sector. They had liberalized specific industries as they became internationally competitive. Foreign direct investment had been restricted to carefully selected sectors. The diversity of markets showed that there were several development strategies, depending on time and place.

21. The successful conclusion of the Uruguay Round should strengthen the multilateral trading system by establishing more detailed rules; rules had been established for intellectual property and trade in services, and free

multilateral trade had benefited from tariff liberalization; the discriminatory aspects of regional trade agreements had been reduced.

22. However, some qualifications were in order: certain provisions in the agreements provided for special safeguard mechanisms and discriminatory actions which could lead to abuse and mitigate the trade-liberalizing impact of the agreements. Moreover, tariff reductions on key products of export-interest to developing countries had been considerably less than the general norm, although those countries had accepted a dramatic increase in the level of their multilateral trade obligations. He wondered to what extent the discipline that developing countries had accepted would constrain their ability to emulate some of the successful policies followed by other countries, especially those of East Asia. Many countries were also confronted with the erosion of preferential tariff margins, while they could be expected to incur higher costs for imported foodstuffs. Therefore, broader "safety nets" should be provided for those countries.

23. The Trade and Development Board had also defined further the role of UNCTAD in the international trading system in the aftermath of the Uruguay Round as well as its relations with WTO. UNCTAD could provide technical assistance in the many areas where it had expertise, namely, trade and competition policy, trade and environment, regionalism and mechanisms for the compensation of erosion of preferences.

24. The United Nations International Symposium on Trade Efficiency had been a major success. The Symposium's Ministerial Declaration and recommendations should facilitate trade by vastly reducing trade transaction costs (by US$ 100 billion per year as early as the year 2000) and increasing trading opportunities particularly for small- and medium-sized enterprises in developing countries.

25. In the declaration adopted on the occasion of the thirtieth anniversary of UNCTAD, Member States had outlined the future orientations of the organization's work. They had stressed, inter alia, that the phenomenon of globalization required the attention of the international community. Indeed, by accentuating the interdependence among nations and sectors of the world economy, globalization presented both new challenges and new opportunities for nation States and the international community. However, some of the factors arising from those processes might accentuate the trend towards a world economy in which a large number of developing countries would be unable to keep pace and might continue to be locked in a vicious circle of poverty, underdevelopment and environmental degradation.

26. Ms. ARIZPE (UNESCO) said that development planning should take account of pre-existing cultural relationships and values. An integrated approach was needed that combined the values implicit in market-oriented policies with traditional values of social exchange. At the same time, human resources and institutional capabilities should be enhanced in such a way as to turn the cultural sector into a development asset.

27. The secretariat of the World Decade for Cultural Development had registered more than 2,100 Decade projects, 325 of which had received financial support from UNESCO. The themes that had been chosen testified to the great variety and rich substance of the activities undertaken. In many cases, culture was associated with a particular aspect of development, such as education, environment, habitat or health. Some projects dealt with cultural information systems and others with traditional cultural heritage.

28. The Intergovernmental Committee considered that substantial progress had been made in 1992-1993, particularly through the creation of the World Commission on Culture and Development under the chairmanship of Mr. Javier Pérez de Cuellar, the completion of the first phase of the project aimed at establishing a methodology for integrating cultural factors into development programmes and projects, and the launching of several new regional projects of an interdisciplinary nature.

29. In the context of the mid-term evaluation of the Decade, the Intergovernmental Committee had assessed the results obtained and drawn up plans for the remainder of the Decade. Five priority fields of action had been approved: the cultural dimension of development; culture and sustainability; culture, tourism and development; cultural pluralism; and investing in culture.

30. The Intergovernmental Committee for the Decade had welcomed the increased participation of organizations of the United Nations system, but was hoping for a stronger commitment, particularly by those working in the fields of health, housing, agriculture and small-scale business. It also wished to see Member States playing a more active role, a development that would be facilitated by the growing awareness in the international community of the risks of social and cultural imbalances inherent in a development model based exclusively on economic growth. The Inter-Agency Steering Committee had urged the specialized agencies to prepare inter-agency projects and to give Decade themes more prominence in the preparations for the forthcoming summits to be held within the United Nations system. The United Nations Conference on Environment and Development had shown that traditional cultures possessed a large store of knowledge and skills that could contribute to sustainable development, and the Cairo International Conference on Population and Development had illustrated the key role played by cultural issues in the search for development paths that were compatible with stable demographic growth. The forthcoming World Summit for Social Development would also provide an opportunity to draw attention to the similarities between social and cultural issues. Lastly, a number of activities relating to the World Decade for Cultural Development would be proposed for the Fourth World Conference on Women and the United Nations Conference on Human Settlements (Habitat II).

31. Mr. OSSA (Director, Macroeconomic and Social Policy Analysis Division) noted that the economic performance of the countries in transition had varied considerably. The efforts of the international community to assist them had not yet produced the expected results. Growth had resumed in countries in which the process had been under way for a longer period, and a significant improvement in their economic situation was expected in 1995. In many cases, containment of

inflation was part and parcel of reforms aimed at strengthening fiscal and monetary discipline.

32. A large number of bilateral and multilateral bodies, in particular those of the United Nations system, were providing international assistance to the economies in transition, and although progress had been made in 1993-1994, there was a need for further harmonization and coordination among all actors. The assistance provided by the United Nations system fell into two categories: technical assistance, in conjunction with sizeable financial transfers, and the provision of information and knowledge on virtually all aspects of development. The Administrative Committee on Coordination considered it essential to strengthen inter-agency coordination in resource mobilization and the delivery of assistance. At United Nations Headquarters, the Department for Economic and Social Information and Policy Analysis and the Department for Development Support and Management Services would ensure the linkage and flow of information concerning country and regional programme activities and global programmes. In addition, it was important to enhance the capacity of the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific in order to facilitate cooperation and coordinate assistance activities in the regions concerned. At the country level, the coordinating role belonged to the resident coordinator. In that connection, the Secretary-General had recently asked the Administrator of UNDP for his assistance in the matter.

33. Integration of the countries in transition into the world economy depended in large measure on developments in their trading and financial links and changes in the communication and transport infrastructure and technology. United Nations studies had also shown that the resumption of economic activity, especially in Western Europe, increased investment flows and improved access to markets could speed up the process of integration. The cooperation agreements recently signed by several transition economies with the European Union and the European Free Trade Association should prove useful in that respect. Trade between the developing countries and most countries in transition should also be developed.

34. Trade and cooperation among countries in transition should not be neglected. They were particularly important for the member States of the Commonwealth of Independent States which, for the time being, had limited possibilities for establishing free trade agreements with Western European integration organizations. On a global scale, the conclusion of the Uruguay Round should facilitate the integration of the countries in transition into the world economy, especially by strengthening trade links.

35. Mr. CAMARA (Food and Agriculture Organization of the United Nations), introducing the report on emergency action to combat locust infestation in Africa (A/49/507) submitted in accordance with General Assembly resolution 48/20, said that following the adoption of the resolution, meetings had been convened at FAO headquarters to coordinate action to combat locust infestation and to solicit support from international donors.

36. FAO estimated that about US$ 40 million had been provided in emergency assistance in 1992-1994; in addition, FAO had spent about US$ 3.4 million from

its regular budget to finance locust control campaigns, which had begun in late 1992 in East Africa and the Near East and had ended in mid-1993. In South-West Asia, a successful campaign had been carried out in India and Pakistan between July and November 1993.

37. The recommendations adopted at the ad hoc FAO meeting and those proposed at the meeting of ministers of agriculture of the Maghreb countries had been implemented by the countries concerned and by regional organizations, with FAO support. In West and North-West Africa, the campaigns had been coordinated at the international level by regional organizations, FAO and donors.

38. Following invasions of the desert locust in West Africa, control operations had been launched in Mauritania in October 1993. In July and August 1994, the situation in that region seemed to have been brought under control, but locust swarms had been reported in West Africa at the end of September 1994. In Morocco and Algeria, control operations begun in February 1994 had been successfully concluded in July 1994. In Senegal, the campaigns had significantly reduced locust population levels, although some small swarms had moved to the Gambia, Guinea-Bissau and Cape Verde and later to Guinea.

39. With regard to the emergency prevention system (EMPRES) for transboundary animal and plant pests and diseases, a meeting of donors would be held in Rome in December 1994. The work plan for 1994 and 1995 included five major areas of activity: assistance to member Governments; establishment of a locust forecasting and coordination unit in the Red Sea area; support for survey work in West Africa; assessment and forecasting; and support for the countries of South-West Asia.

40. Mr. RUFFING (Department for Policy Coordination and Sustainable Development) introduced a note by the Secretariat entitled "Sustainable development and international economic cooperation: United Nations initiative on opportunity and participation" (A/49/541), submitted pursuant to General Assembly resolution 48/60. Papua New Guinea had provided the first instalment of a pledged contribution, followed by the Federated States of Micronesia. The Secretariat had compiled a provisional list of themes for the papers to be prepared by experts for consideration by the panel. Document A/49/541 contained a proposed timetable for implementation of resolution 48/60.

41. Mr. KRASSOWSKI (Department for Policy Coordination and Sustainable Development), introducing agenda item 88 (h), entitled "Sustainable development and international economic cooperation: international cooperation for the eradication of poverty in developing countries", said that the United Nations system had sought to address poverty as a major concern from its very inception, whether by seeking to empower individuals to help themselves to achieve a better life or by attempting to overcome structural barriers to the eradication of poverty at the local, global, social or economic level. Extensive documentation had been prepared for the World Summit for Social Development being convened in Copenhagen in 1995. Poverty remained the major social ill on the global scale. The gravity and entrenched nature of the problem had been recognized again in the choice of poverty eradication as one of three core issues to be addressed by the World Summit, and in the decision of the General Assembly to designate 1996

as International Year for the Eradication of Poverty. A summary of preparations for the Year could be found in document A/49/572, which included a timetable for preparing the programme of activities and consultations with Governments and relevant organizations. Primary consultations should be conducted within the framework of regularly scheduled meetings of the General Assembly and the Economic and Social Council and its subsidiary bodies. The anticipated activities would build on the experience already gained and on the substantive work currently under way in the context of major international conferences being convened in 1994 and 1995, particularly the Programme of Action of the World Summit for Social Development. Since poverty was multidimensional and its elimination called for a multisectoral and comprehensive approach, a number of themes could be highlighted for the Year.

42. Mr. LAMAMRA (Algeria), speaking on behalf of the Group of 77 and China, said that the international community should devote itself to seeking a comprehensive solution to the closely linked problems of trade, raw materials, agriculture and the fight against poverty and the various ills afflicting developing countries which threatened their social and political stability and, in some cases, their very existence. To that end, genuine dialogue in a spirit of partnership was needed between North and South.

43. The Final Act of the Uruguay trade negotiations, signed at Marrakesh, had put an end to more than seven years of long and laborious talks. Although developing countries had made major contributions to the success of the negotiating process, it was to be feared, in the short term at least, that the advantages engendered by the new multilateral trade rules would benefit the industrialized countries most of all. The consequences that the new trade opportunities could have for developing countries had little to do with the additional obligations they had undertaken, particularly in areas regulated by the new multilateral disciplines relating to services, foreign investment, and property rights. African countries as a whole ran the risk of sustaining annual losses estimated at $2.6 billion. Furthermore, the developed countries wished to introduce clauses with a social or environmental orientation containing the seeds of a new protectionism. Developing countries were right to be concerned.

44. There could be no doubt that developing countries favoured a free and transparent multilateral trade system, but specific measures would have to be taken to remove all obstacles to the establishment of just and equitable trade flows. To that end, it was necessary to repair the mechanisms that favoured unequal trading terms, inadequate remuneration for commodities, unwarranted protection of markets and obstacles to the transfer of technology. It would be advisable to rapidly implement agreed compensatory measures for the benefit of countries which might suffer as a result of the disintegration of the system of preferences. Such a measure would be a test of the good will of the major players in international trade. The United Nations Conference on Trade and Development, which had acted as a traditional dispenser of technical assistance, a framework for policy analysis and a forum for intergovernmental deliberations and consensus-building, had a major role to play in that context. It should therefore work closely with the future World Trade Organization on the basis of complementarity. The Organization should assume the role of impartial arbiter and set itself the goal of establishing an international trade system free from

all discriminatory practices. Its dispute-settlement mechanism should lead to rapid elimination of unilateral practices.

45. Many developing countries were dependent on exports of commodities whose prices had continued to fall on world markets. The recent turn-around in that trend seemed due to speculation because, according to long-term forecasts, prices would remain weak. The international community had to come up with a comprehensive commodities strategy to stabilize a market where supply outstripped demand, by stimulating demand and thus establishing conditions for surpluses to be absorbed, and by ensuring better access to markets for developing countries' raw materials and eliminating practices such as agricultural subsidies and customs protection. Such a strategy would also aim to stabilize production of commodities in developing countries in relation to the capacity of the markets to absorb them, so as to avoid a slump in prices, while at the same time pursuing a horizontal and vertical diversification policy for their economies. In the longer term, the question of raw materials should be considered from the point of view of increasing the potential for self-financing in the development of third world countries, which would necessitate a rapid solution to the problem of those countries' foreign debts. Injections of State and private capital into developing countries had to be boosted in order to make them less dependent on raw materials as a means of increasing their foreign currency reserves.

46. History had witnessed many terrible famines, but it was intolerable that at the present time, despite the advances made in science and technology, some 18 million people should perish every year and over 800 million should suffer from starvation and malnutrition when enough food was available to feed all of mankind adequately. The situation was worst in Africa. Even after the terrible droughts of 1973-1974 and 1983-1984, which had caused countless deaths and destroyed the socio-economic fabric in a number of countries, starvation was still decimating the populations of vast areas. The international community had rejected that unjustified mortality rate by enshrining the concept of food security for all as a basic principle of international action and as a goal to be achieved at the earliest possible opportunity through a general mobilization of resources. That goal was not out of reach. The green revolution was a hopeful sign for the 45 countries - 30 of which were located in Africa - where the Food and Agriculture Organization of the United Nations (FAO) reported that the food situation was still precarious or critical. Increased international support should help those countries to achieve food self-sufficiency. It was important to develop production, retail and storage infrastructures and management skills, and make the best use of human resources.

47. Instead of using the right to food as an instrument of political or economic pressure, it was important to expand cooperation. The Second Committee should support the proposal by the Director-General of FAO to convene a world food summit.

48. The World Summit for Social Development in Copenhagen would provide the opportunity to tackle the various causes of social tension and disintegration, and to work out a Programme of Action to ensure greater harmony within and between nations. The elimination of poverty would figure prominently in that

joint undertaking. The Summit should adopt a strategy to combat poverty, based at the national level on a more equitable distribution of income, greater integration of marginalized groups and access by all to public services such as education, health and housing; at the international level, the strategy should take as its starting-point measures to stimulate economic growth and create the wealth that was essential to eliminate poverty and unemployment.

49. Regarding other matters, he noted that the question of the direction of the United Nations Centre for Human Settlements (Habitat) had not been settled. Resolution 48/176, which requested the Secretary-General to ensure that the direction of that body and its management were kept separate from those of the United Nations Environment Programme, had not been put into effect. That omission could have repercussions on the preparations for the United Nations Conference on Human Settlements (Habitat II).

50. Industrialization was an essential tool for promoting and accelerating growth. It was therefore imperative that the international community should consolidate the resources placed at the disposal of the United Nations Industrial Development Organization.

51. Mr. HENZE (Germany), speaking on behalf of the European Union, said that extreme poverty in developing countries was still one of the major problems of the world, despite development policies and development aid through bilateral and multilateral programmes. In some countries, especially in the East Asian region, economic growth had led to a rise in living standards and a reduction of poverty, but other regions, especially Africa, were still far away from the aim of eradicating poverty. Poverty reduction was closely related to other important development policies which had been or would be discussed at world conferences. The Copenhagen Summit would constitute a unique opportunity for the world's political leaders to outline strategies for the eradication of poverty in developing countries. Ambitious and broadly based development policies were imperative. Structural changes and macroeconomic adjustment policies were as important as the development of human resources. As poverty was often accompanied by unemployment, malnutrition, low status of women, environmental degradation and limited access to health services, an integrated approach was necessary. The major goal was to strive to develop the creative and productive potential of the poor and the underprivileged, especially of women. As poverty was both a material and an immaterial disadvantage, the aim should be to raise income and to promote the development of the full potential of the individual and the participation of the underprivileged in social, political and economic decisions. All measures which contributed to productive employment should be supported. The establishment of social nets was important to prevent poverty.

52. While development aid remained important, each State bore primary responsibility for its own development and the eradication of poverty among its people. Aid could be effective only if projects were supported by pragmatic social, political and economic policies and structural reforms. Both industrialized and developing countries must therefore cooperate closely to set forth strategies for the eradication of poverty according to the particular circumstances of each country.

53. The European Union attached great importance to the goals of the Habitat II Conference, which would address one of the most pressing issues for the future of the planet: the rapid growth of cities and its effects on social and environmental stability in the world of the twenty-first century. That implied economic and technical challenges, as well as the question of the organization of social life. Habitat II should advance the objectives of agenda 21 in the area of human settlements. The European Union supported the holding of a third session of the Preparatory Committee early in 1996, provided that it was of short duration and existing resources permitted.

54. The conclusion of the Uruguay Round of multilateral trade negotiations was an important step in the establishment of an open trading system and should lead to enhanced growth of the world economy through generally improved market access. The recent recovery in commodity prices should provide an impetus to the growth of developing countries, but they must continue to diversify their economies. Neither diversification nor the creation of intersectoral linkages, however, were goals in themselves. What counted was an economic and structural policy fostering the private sector, particularly small- and medium-sized firms, which would create the conditions for economic viability, comparative advantage and competitiveness. The participation of the poorest could make an important contribution to the full development and use of a country's resources.

55. The improvement of industrial development cooperation should be continued in a climate favourable to investment and private sector initiative. At the same time, the poorest must be integrated into the development process, especially by decentralizing financial structures in order to mobilize the resources necessary for industrial development, especially for the promotion of small industries. At its fifth General Conference, the United Nations Industrial Development Organization (UNIDO) had redefined its priorities, with industrial policy as an integral part of a process of sustainable human development. However, much remained to be done in order to make industrial development and cooperation lasting and sustainable. There were problems apparent in the implementation of the programme for the Second Industrial Development Decade for Africa.

56. The European Union, as the world's largest donor, assisted developing countries in their reforms. Under the Fourth Lomé Convention, assistance in various forms was provided for 70 signatory States.

57. The integration of the countries with economies in transition into the world economy was of special concern to the European Union. It would continue to support the necessary economic reforms in the States of Central and Eastern Europe and the Commonwealth of Independent States (CIS) through technical and financial assistance and by improving market access. The Economic Commission for Europe should continue, within its mandate, to provide special assistance to the countries in transition.

Mr. Raichev (Bulgaria), Vice-Chairman, took the Chair.

58. Mr. SMIRNOV (Russian Federation) said that the countries in transition were experiencing serious difficulties and the bilateral, regional and multilateral

assistance they had received had not yet produced the expected results, for the transition to the market economy had proved to be much more complex than predicted, especially in most of the countries of the former Soviet Union. As the Secretary-General had noted in his report (A/49/330), capital flows had dropped sharply in 1992 as compared with the previous year and the net transfer of resources had been negative in 1991-1992; it had remained negative for the Russian Federation in 1993. Moreover, the countries in transition still had little access to capital markets and foreign direct investment continued to play a minimal role in their economies. Due to their efforts, however, the results of the economic reforms could already be perceived at the macroeconomic level.

59. The measures taken by the Russian Federation had three objectives: to complete the establishment of a stable legal framework, to offer effective banking and financial services in accordance with international standards and to create favourable conditions for the activity of its foreign partners, particularly by ensuring their physical security. The dynamism of internal economic processes had yielded some notable results: the fall of the rouble had been halted, the Government had issued an economic policy memorandum announcing a sharp reduction in subsidies, particularly to the mining industry, a bankruptcy procedure for indebted State enterprises and the launching of a programme of selective State aid to the most dynamic sectors of industry. Lastly, at the CIS summit meeting, the interest expressed in resumption of the integration process had resulted in the decision to establish an inter-State economic committee and to form a payment union.

60. Access to world markets without discrimination for exports of the Russian Federation and other countries in transition was essential to the success of the reforms. However, despite definite progress following the signing of agreements with the European Union and the European Free Trade Association, the losses experienced by exporters in the Russian Federation and other countries in transition had reached several billion dollars.

61. The international economic policy climate had improved greatly. The conclusion of the Uruguay Round negotiations and the forthcoming establishment of the World Trade Organization opened up the prospect of an orderly development of global economic relations. The Russian Federation, which had observer status in GATT, had begun the procedures for full membership. United Nations bodies, UNCTAD in particular, must support the States concerned, both in negotiations and in respect of their new obligations within the framework of the World Trade Organization. In that connection, he drew attention to the conclusions offered by the Secretary-General in his report on that subject (A/49/363).

62. To the Russian Federation, the liberalization of foreign trade was in the interest of all countries without exception. For that reason, together with the States of CIS and Central and Eastern Europe, it favoured the adoption of a resolution recognizing both the legitimate interests of developing countries and the particular problems and needs of the countries in transition. First, it was important to improve access to world markets for the exports of the countries in transition, particularly through improvement of the terms of trade at the bilateral and multilateral levels, liberalization of trade regimes and elimination of discriminatory tariffs and non-tariff restrictions. Economic and

trade relations must also be developed among the countries in transition and between those countries and the developing countries. Lastly, United Nations bodies should support the countries in transition in their integration into the world economy and into multilateral organizations.

63. The Russian Federation attached the greatest importance to the strengthening of United Nations activities for the integration of the countries in transition into the world economy, especially on the level of analysis and advisory services. The Secretary-General had rightly noted the need to strengthen coordination of the activities of United Nations bodies relating to assistance to the countries in transition. Indeed, it was unclear which office of the Secretariat had responsibility in the matter, and efforts to mobilize extrabudgetary resources were weak. Under the circumstances, the holding, under United Nations auspices, of the conferences proposed by the Russian Federation and Belarus would be very useful.

64. Mr. SARDENBERG (Brazil), speaking also on behalf of States members of the Rio Group (Argentina, Bolivia, Chile, Colombia, Ecuador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela), stressed that trade liberalization was a mainspring for development. For that reason, over the last 10 years, an increasing number of developing countries had adopted trade liberalization policies, demonstrating their confidence in the multilateral trade system. Despite some imbalances, the Marrakesh Agreements certainly marked a milestone in the evolution of international economic relations that could stimulate the international flow of goods, services and capital for the benefit of all countries. The task was far from being completed, however. A transparent and effective mechanism for the settlement of disputes must be established and immediate action must be taken to assist developing countries in adapting to the new regimes, especially through training and the strengthening of national institutions.

65. Recent attempts to discuss such important issues as environmental regulations and labour standards with an approach that could give rise to new forms of protectionism were worrisome and were not conducive to continued trade liberalization or to the solution of relevant issues. On the contrary, those new forms of protectionism could lead to more unemployment and greater flows of migration. World economic growth, although steady, did not meet the expectations of the developing countries and did not alleviate unemployment in industrialized countries. For that reason, it was necessary to formulate a new paradigm of development that left no room for confrontation and which recognized that developing countries were playing an increasingly important role in the world economy, and that the social, economic and technical progress of developing countries would not come at the expense of the industrialized world. The United Nations Conference on Trade and Development, which was an extremely useful forum of analysis, exchange of experience, cooperation and negotiation, would have a major role to play in that regard.

66. The second United Nations Conference on Human Settlements, which would be held in 1996, should address the problems of cities and rural settlements in a comprehensive manner, integrating the issues of shelter, transport, sanitation, health and education. It was regrettable that resources for the preparations

for the Conference were still insufficient. Poverty eradication and food security were priority issues in the domestic policies of the States members of the Rio Group. The World Summit for Social Development would provide an opportunity to ensure that the issue of poverty eradication was considered as a priority.

67. Mr. AZZAIEZ (Tunisia) said that the question of trade and development made it possible to deal with trade flows from the standpoint of development. The Marrakesh Agreements, the outcome of the laborious process of multilateral trade negotiations, should be considered in that context. Those Agreements heralded the coming of a new era, in which all contracting parties would enjoy equal treatment in a more open, transparent and predictable international market.

68. Aware of the high stakes involved, Tunisia had undertaken a far-reaching economic reform programme with the objective of strengthening its capacities in the face of international competition, in particular through partnership programmes, the convertibility of the dinar, the creation of free zones and the promulgation of a special code to stimulate investments.

69. While reaffirming its support for the World Trade Organization, his delegation considered that its partners should not lose sight of the legitimate interests of the developing countries with respect to the stability of exchange rates, the non-use of restrictive trade practices linked with environmental protection, and the adoption of an integrated global approach to trade problems, which should be managed in a spirit of solidarity in the interest of all parties concerned. In order to build new trade relations conducive to the constant improvement of the standard of living of each individual, it was necessary to consider all the factors involved in the cost of production, regardless of whether they affected the countries of the North or those of the South.

70. In that regard, his delegation was concerned at the fact that Africa's participation in international trade had continued to decline. Moreover, the economic indicators did not leave very much hope for a considerable improvement in the short term. In such conditions, the system of competition that had been the outcome of the Uruguay Round was likely to penalize the African countries even more in the years to come. That was why it was necessary to form an economic partnership that could put Africa on the road to economic recovery. At the Conference of African Ministers of Trade, at Tunis from 24 to 27 October 1994, the African countries had reaffirmed their interest in integrating their economies into the world economy. They had also defined their needs in the field of technical and financial assistance. Assistance should take the form of debt-alleviation measures that would enable the African countries to withstand tougher competition. In addition, the international community would have to provide financial resources to strengthen production capacities. The Tunis Conference had appealed to the industrialized countries and the international financial institutions to provide the African countries with the assistance necessary for their implementation of the Marrakesh Agreements.

71. At the multilateral level, the industrialized countries should bear in mind Africa's special situation and ensure the success of the African countries' development plans.

72. Mr. LOPEZ (Colombia) said that the liberalization of trade was one of the pillars of international economic cooperation. While the conclusion of the Uruguay Round of multilateral trade negotiations was undoubtedly an important achievement, it was only the starting-point for the establishment of a truly open, multilateral, universal and equitable trading system, since it was only in such conditions that the Marrakesh Agreements could be fully implemented.

73. His delegation was also concerned at the tendency to introduce new trade restrictions, particularly in the form of environmental and social clauses. In conjunction with protectionist practices that took the form of anti-dumping measures and countervailing duties, that practice distorted the multilateral trading system and might thwart the developing countries' efforts to gain free access to international markets. Such new protectionism might have irreversible economic and social consequences.

74. The new World Trade Organization would, from its inception, be faced with a difficult task. It would have to work impartially to eliminate discriminatory practices that prevented the developing countries from taking full advantage of their resources and potential. The transition to the new world trading system should be made smoothly. The obligations arising from the current system should be respected until the entry into force of the new agreements in order to avoid a new outbreak of trade tensions like those that had become evident after the conclusion of the Uruguay Round. Relations between the World Trade Organization and the United Nations should be clearly defined. The implementation of the Marrakesh Agreements should not diminish the role of the United Nations.

75. His delegation was very interested in the eradication of poverty. The World Summit for Social Development would provide the international community with a historic opportunity to make clear commitments and adopt specific measures to combat the scourge of poverty effectively. The United Nations should identify not only the social but also the economic causes of the impoverishment of the developing world. An economic mechanism should be developed to put an end to that situation. The only way to obtain positive results was to open markets to developing countries' products, solve the external debt problem and increase financial resources for development.

76. At the same time, the economic reforms inspired by international organizations should give increasing priority to the social dimension of development. The multilateral financial institutions had an important role to play in that regard and they should change their policies.

77. The gulf between the rich and poor countries had widened. Three quarters of the income went to 17 per cent of the world's population living in the developed countries, while 1.2 billion people had to contend daily with the problem of poverty and 800 million people suffered from malnutrition. The international community should take resolute steps to change that situation. It was only when development was centred on the human being and the economy was

based on solidarity that hope could be reborn and democratic systems could be based on true justice and freedom.

The meeting rose at 1.15 p.m.